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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:	Boudouris et al
Application No.:	09/990109
Filed:	November 21, 2001
For:	Magnetic Substrates, Composition and Method for Making the Same
Group Art Unit:	1733

Mail Stop _____
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Docket No.: M112.2-10064-US01

DECLARATION UNDER 37 C.F.R. §1.132

I, Randall Boudouris, coinventor of the above referenced patent application and of the subject matter described and claimed therein, attest and say as follows:

1. I, Randall Boudouris, founded and have been CEO of MagnetNotes, Ltd. since 1998. MagnetNotes, Ltd. was incorporated in 2000. Prior to founding MagnetNotes, Ltd., I had been involved in the printing industry since 1988.
2. I am co-inventor of the subject matter disclosed and claimed in U.S. Patent Application Serial No. 09/990,109.
3. Based on my experience in both the area of magnets and in the area of printing and coating, I am qualified as skilled in the magnetic papers art.
3. On January 1, 2003, MagnetNotes, Ltd. licensed the process covered by the scope of claim 1 of US Patent Application Serial No. 09/990,109 to MeadWestvaco. MeadWestvaco sold the division making the product by the licensed process to Cerberus Holding Company, which formed Newpage, a paper company. Then Newpage sold its carbonless paper division, which made product by the licensed process, to Chillicothe,

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which was subsequently purchased by Glatfelter Paper. Every time the portion of the business making product by the licensed process was sold, the buyer became the licensee. Thus, Glatfelter Paper is now the licensee of the license with MagnetNotes, Ltd., for the process covered by claim 1 of US Patent Application Serial No. 09/990,109.

5. The process licensed by Glatfelter Paper is covered by the scope of claim 1 of US Patent Application Serial No. 09/990,109, which claim is the following:

Claim 1

A process of forming a magnetic assembly having at least one magnetic layer having dimensions of thickness, width and length, and at least one printable substrate layer having dimensions of thickness, width and length, comprising the steps of:

- a) providing a magnetic hot melt composition at an elevated temperature, with an extruder, said magnetic hot melt composition comprising about 75 wt-% to about 95 wt-% of at least one magnetic material and about 5 wt-% to about 25 wt-% of at least one thermoplastic polymer; and
- b) directly applying said magnetic hot melt composition with a slot die head at an elevated temperature when it is pliable to a printable substrate layer, the printable substrate layer formed of paper, paper products or paste board.

6. I am familiar with the process by which Glatfelter Paper produces its products. I confirm from personal knowledge that the process licensed and practiced by Glatfelter Paper is encompassed by claim 1 as quoted above. The Glatfelter Paper product is produced using a magnetic hot melt composition in which a magnetic material constitutes between 75 wt-% and 95 wt-% of the formulation, and one thermoplastic copolymer constitutes over 5 wt-% of the formulation. The magnetic hot melt composition is supplied with an extruder to a slot die head at an elevated temperature when it is pliable directly to a printable substrate layer. The printable substrate layer is formed of paper, paper products or paste board.

7. According to Mike Nelson, whose declaration is submitted concurrently herewith, a prior art search was undertaken by MeadWestvaco, currently Glatfelter Paper, before signing a license agreement with MagnetNotes, Ltd. for the process described and claimed in claim 1 of US Patent Application Serial No. 09/990,109.

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8. Because of the benefit discussed in paragraph 7 of the declaration of Mike Nelson, submitted herewith, MeadWestvaco Corporation entered into a license agreement with MagnetNotes, Inc. on January 1, 2003. Glatfelter Paper became the licensee under the license agreement with MagnetNotes, Inc. when the Chillicothe paper mill was sold to them. MagnetNotes technology was being marketed and manufactured by this division of MWV.
9. Under the license agreement, directed to claim 1 of US Patent Application Serial No. 09/990,109, Magnet Notes, Ltd. received an initial payment of \$1.5 Million.
10. From January 1, 2003 to December 31, 2005, MagnetNotes, Ltd. was to receive a royalty payment of 13.5% of the licensee's net sales up to and including the first 40 million thousand square inches (hereinafter MSI) of product annually; 16.2% of their net sales in excess of 40 million MSI of product up to and including 120 million MSI of product annually; and 19.4% of the licensee's net sales in excess of 120 million MSI of product annually. Under the license agreement, the minimum royalty payment for 2004 (year 2 of the license agreement) was \$500,000 and the minimum royalty payment for 2005 (year 3 of the license agreement) was \$1,000,000.
11. MagnetNotes, Ltd was paid royalties of \$1,000,000 for 2003; 1,000,000 for 2004; and 1,000,000 for 2005.
12. Under the license agreement, from January 1, 2006 to December 31, 2008, MagnetNotes, Ltd. is to receive a royalty payment of 8.5% of licensee's net sales up to and including the first 40 million MSI of product annually; 10.2% of their net sales in excess of 40 million MSI of product annually, up to and including 120 million MSI of product annually and 12.25% of their net sales in excess of 120 million MSI of product annually. Under the license agreement, the minimum royalty payment for 2006-2008 (years 4-6 of the license agreement) paid to MagnetNotes, Ltd. shall be no less than \$2,000,000.

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All statements made herein of my own knowledge are true; all statements made on the information and belief are believed to be true; and all the foregoing statements were made with the knowledge that willful false statements and the like are punishable by fine or imprisonment or both, under § 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of this application and any registration resulting therefrom.

Date: 5-25-06

Signed: Randall Boudouris
Randall Boudouris,
CEO
MagnetNotes, Ltd.